

National Housing & Rehabilitation Association

Annual Meeting & Symposium

February 21-25, 2018 ♦ Palm Beach, FL



John S. Sebree

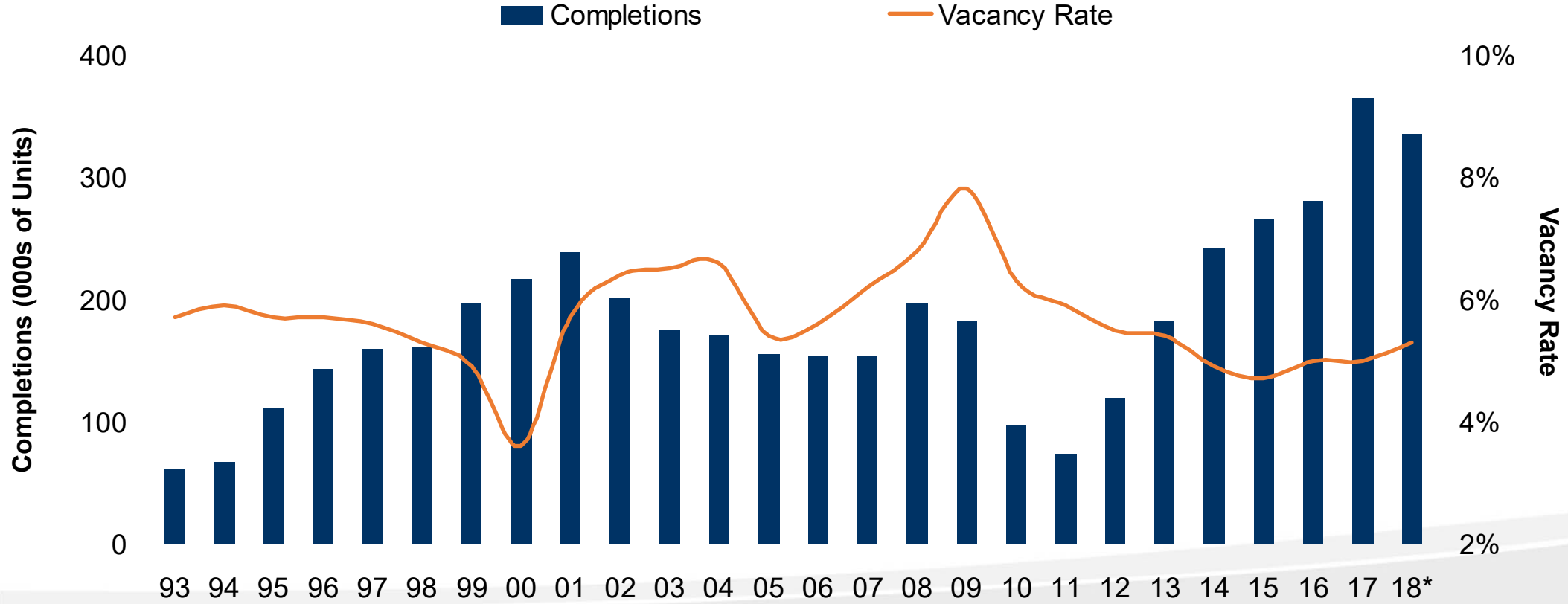
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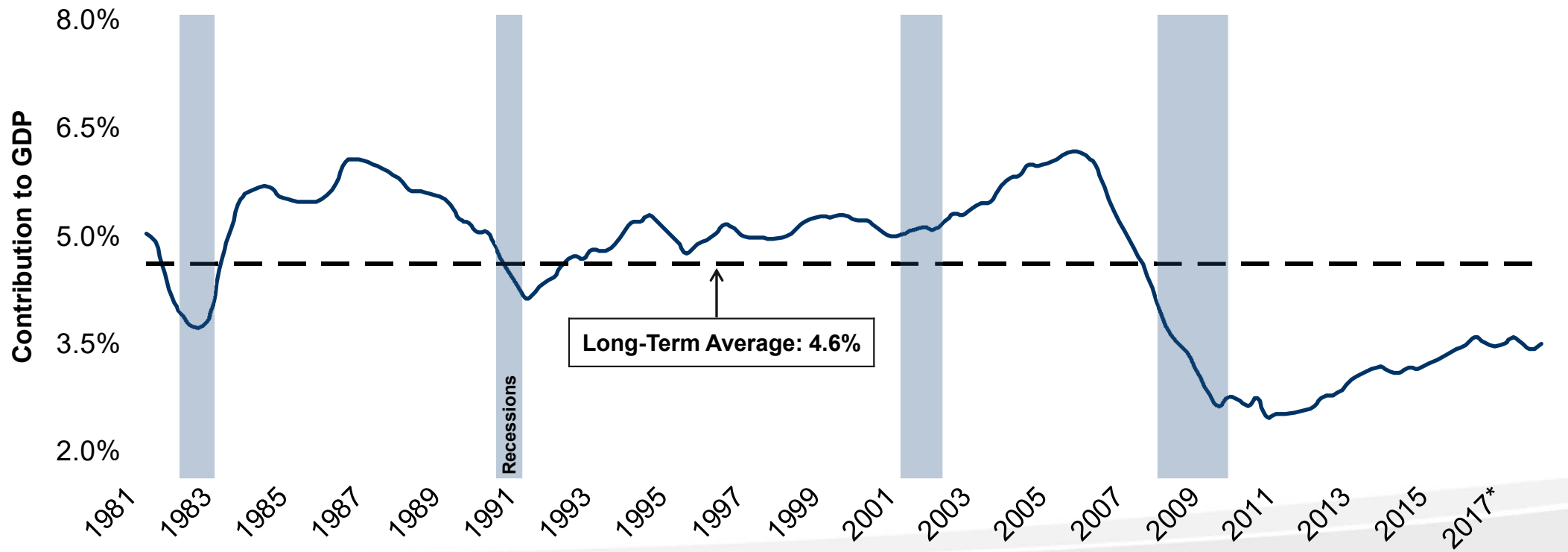
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National Apartment Vacancy vs. Construction



* Forecast
Sources: Marcus & Millichap Research Services, RealPage, Inc.

Housing Contribution to GDP

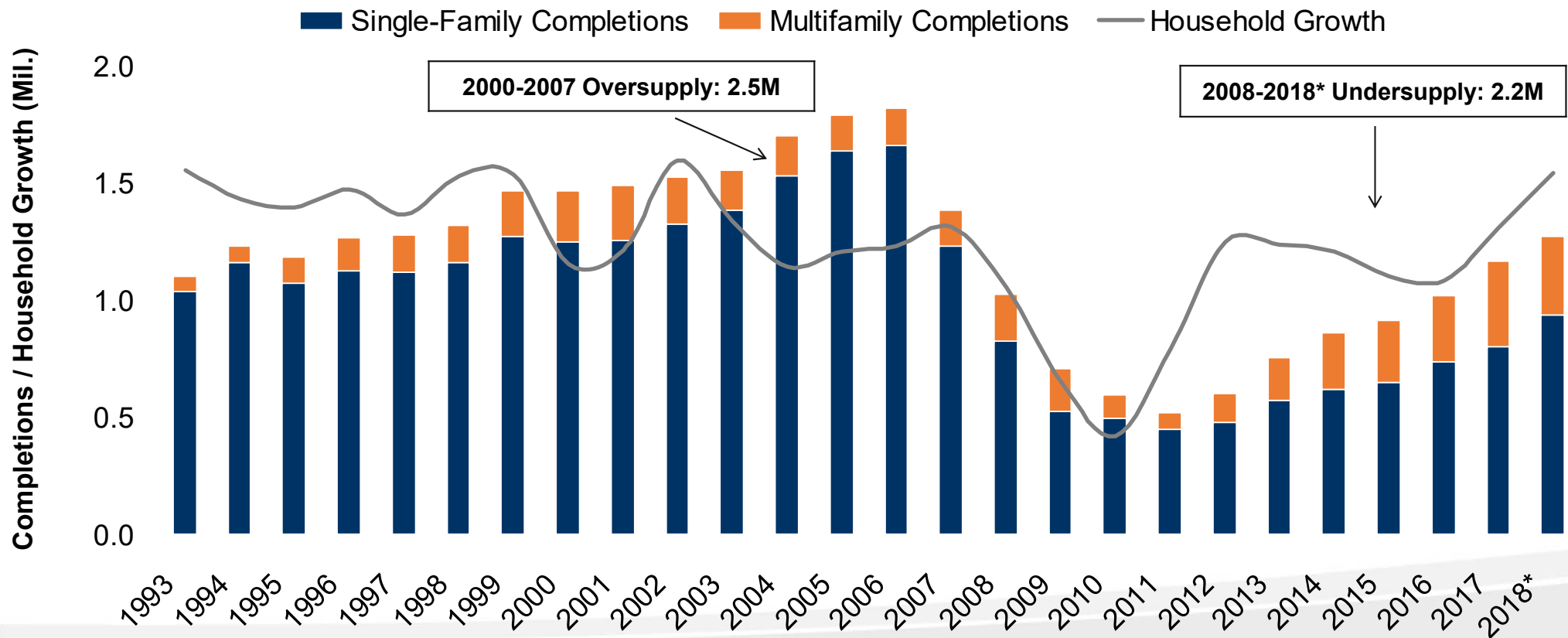


* Through 4Q

Recession periods: (3Q1981-4Q1982), (3Q1990-1Q1991), (1Q2001-4Q2001), (4Q2007-2Q2009)

Sources: Marcus & Millichap Research Services, BEA

Housing Construction Has Fallen Short of Demand

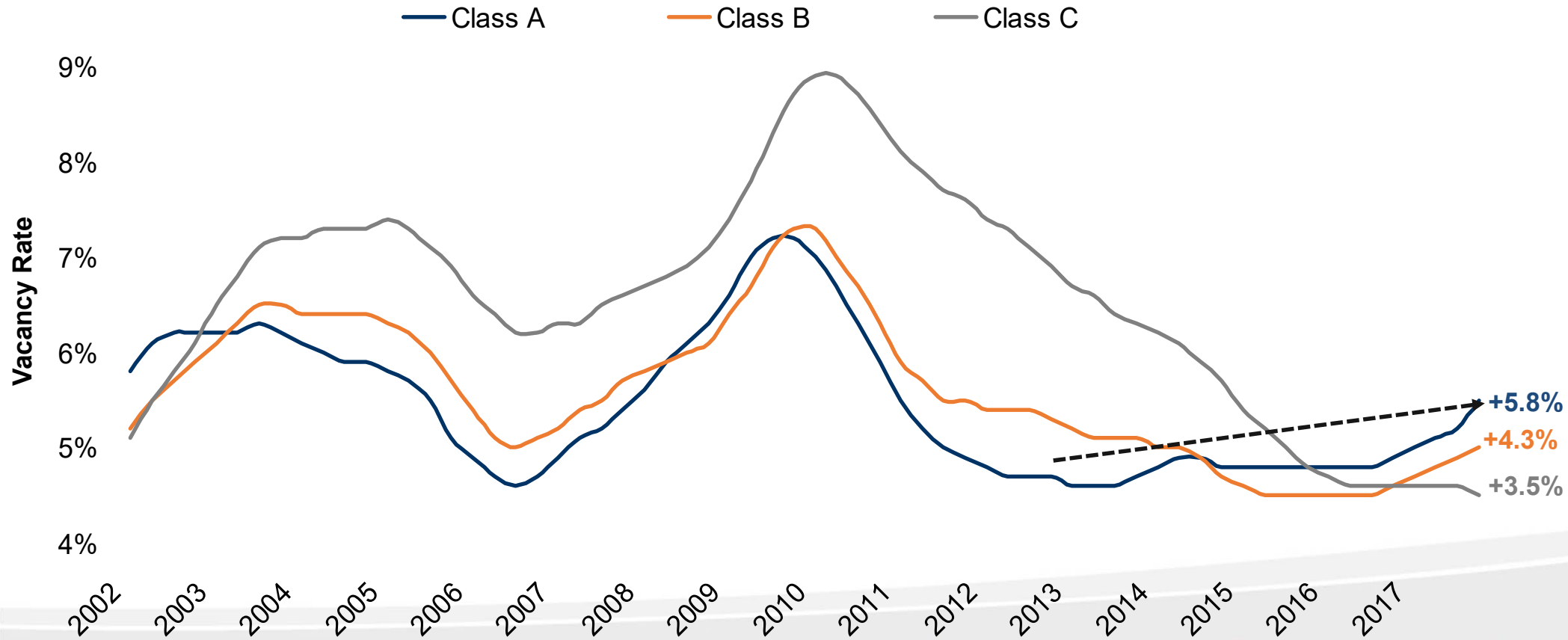


2000-2007 Oversupply: 2.5M

2008-2018* Undersupply: 2.2M

* Forecast
 Trailing 24-month average for household growth
 Sources: Marcus & Millichap Research Services, U.S. Census Bureau, RealPage, Inc.

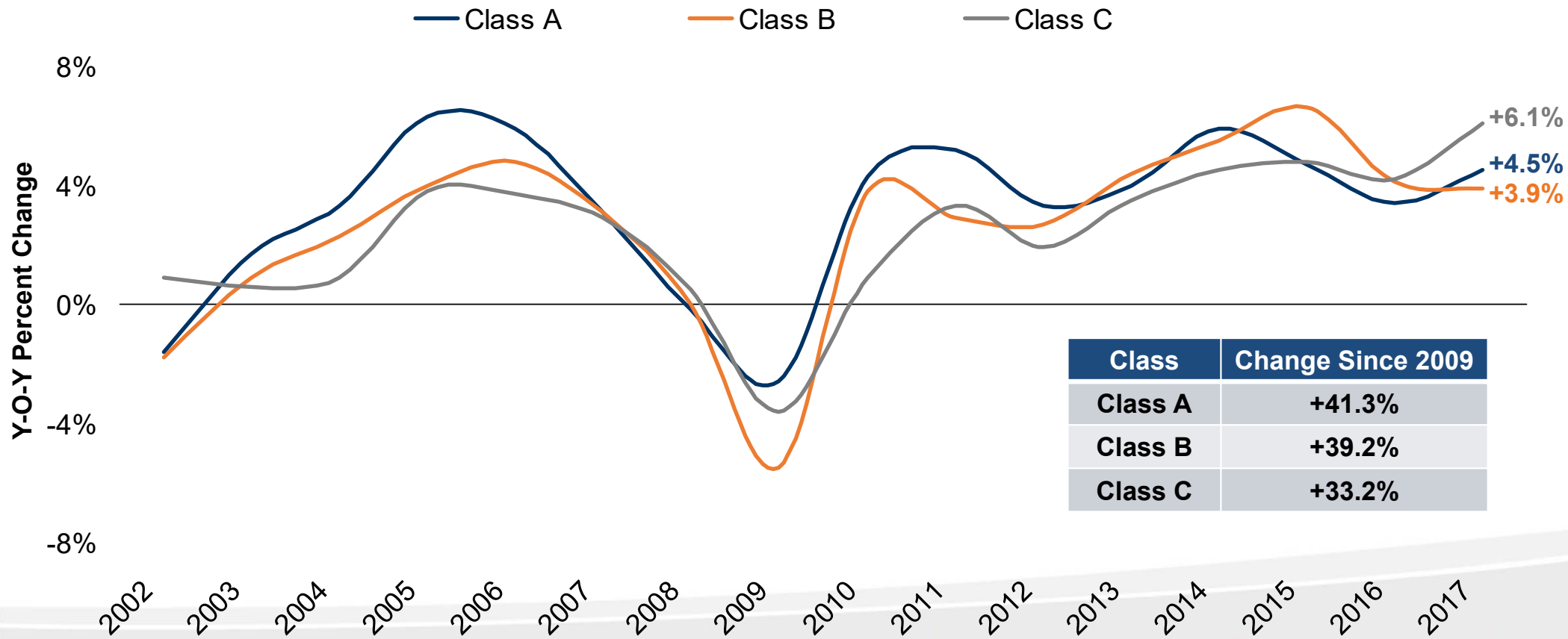
U.S. Apartment Vacancy Trends by Class



Trailing 12-month average
Sources: Marcus & Millichap Research Services, RealPage, Inc.

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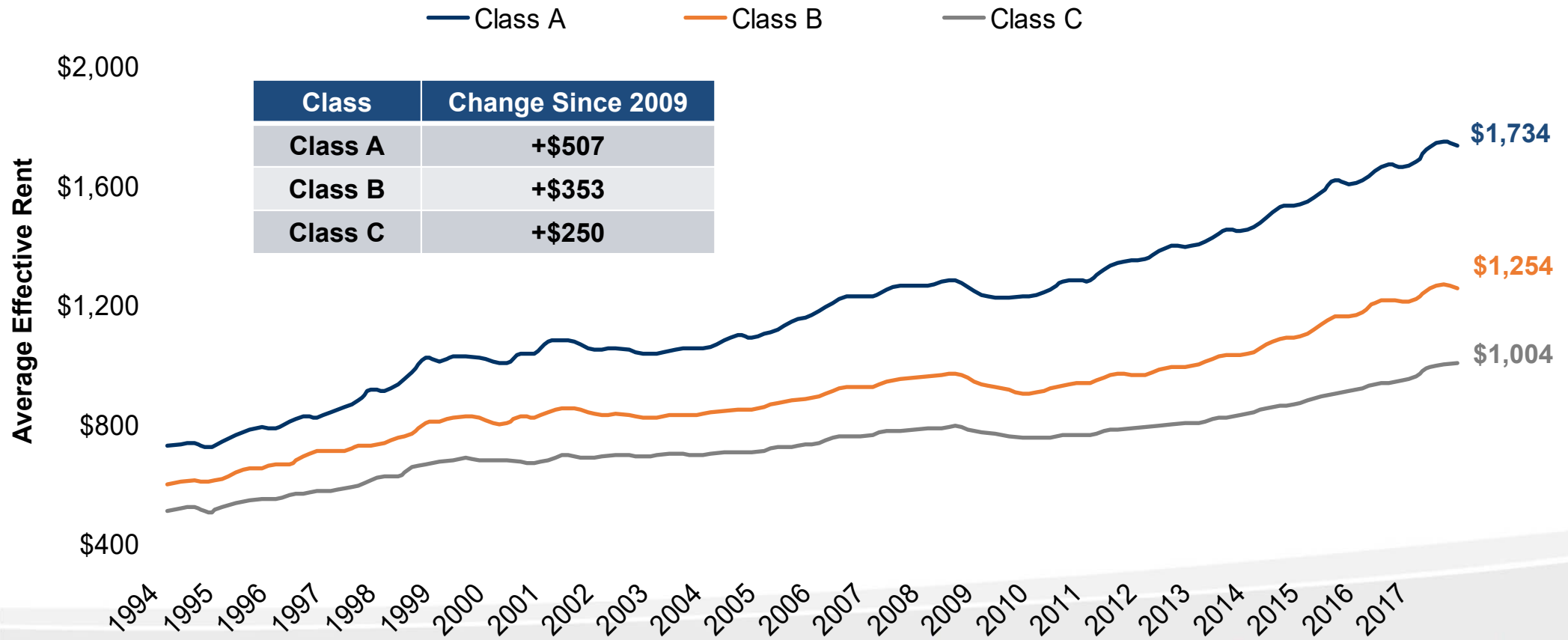
U.S. Apartment Rent Growth Trends by Class



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Sources: Marcus & Millichap Research Services, RealPage, Inc.

Class A Rents Have Generated Strongest Rise but Momentum Slowing



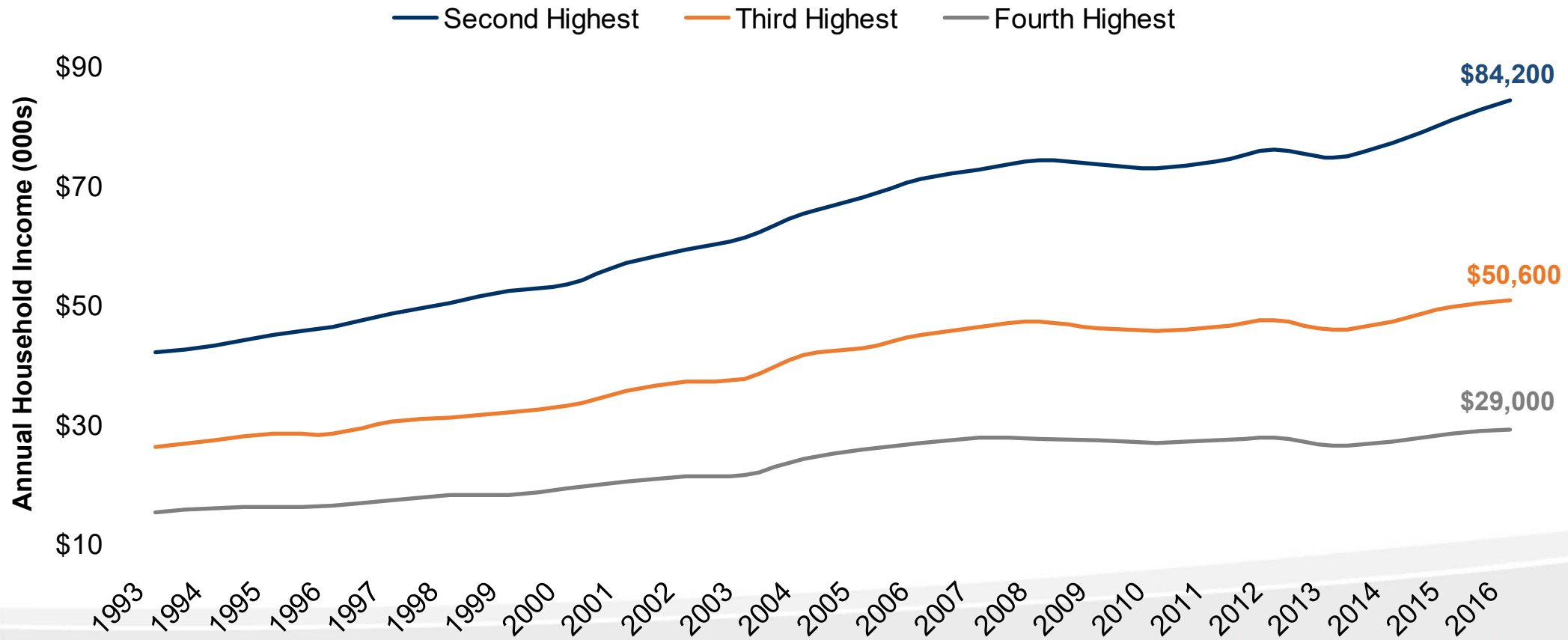
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Rent Growth Outpacing Wage Growth But Gap Narrowing



* Forecast
Sources: Marcus & Millichap Research Services, RealPage, Inc., BLS (Employment Cost Index)

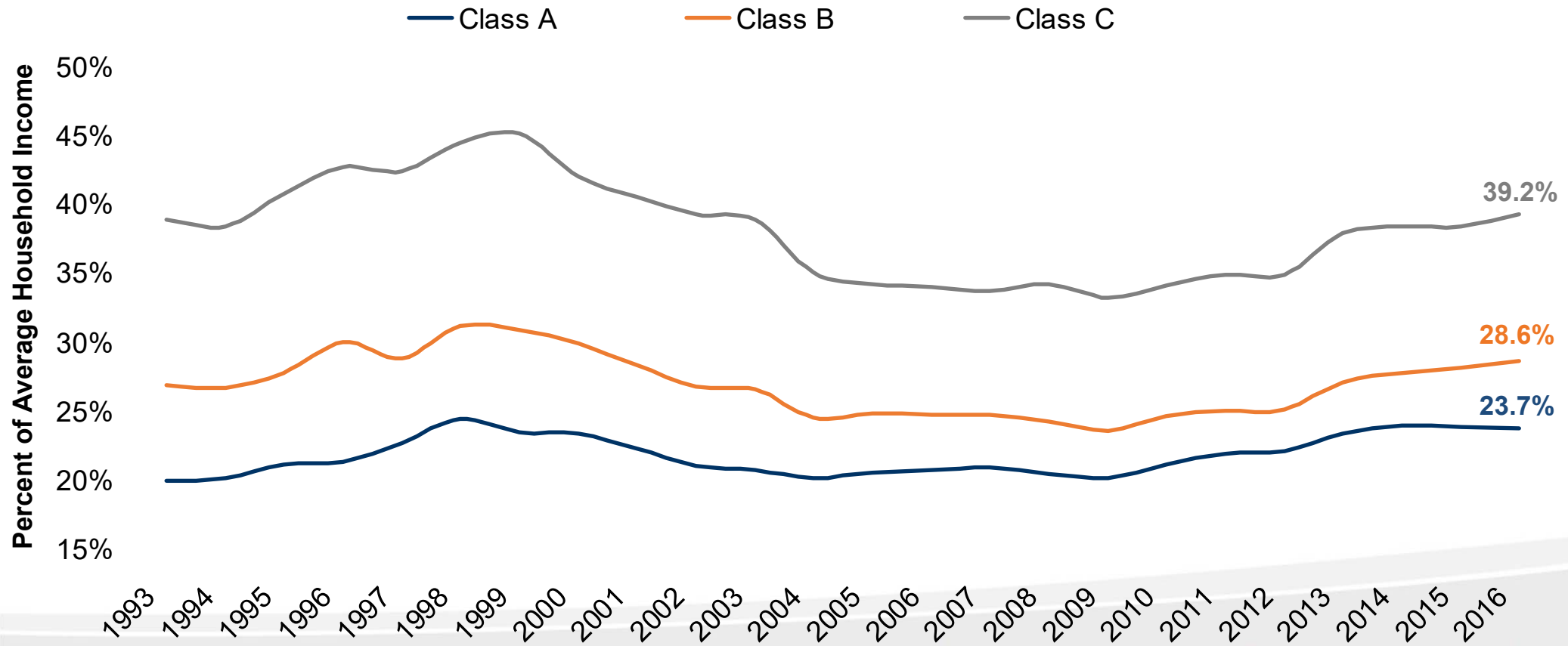
Wealthiest Income Quintiles Rising Fastest



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Sources: Marcus & Millichap Research Services, U.S. Census Bureau

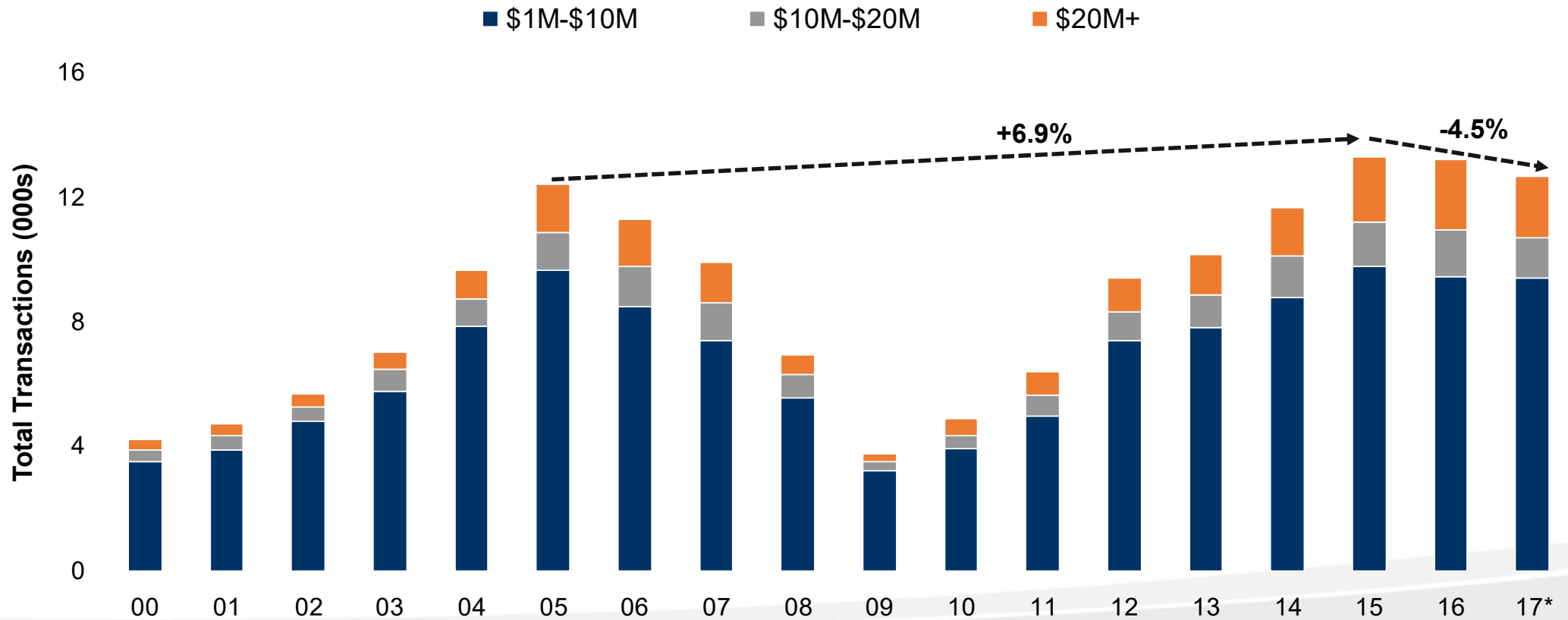
Housing Cost as Percentage of Income Still In Alignment On a Long-Term Basis



Class A rents as a share of second-highest income quintile; Class B rents as a share of third-highest income quintile;
Class C rents as a share of fourth-highest income quintile
Sources: Marcus & Millichap Research Services, U.S. Census Bureau, RealPage, Inc.

U.S. Apartment Investment Trends

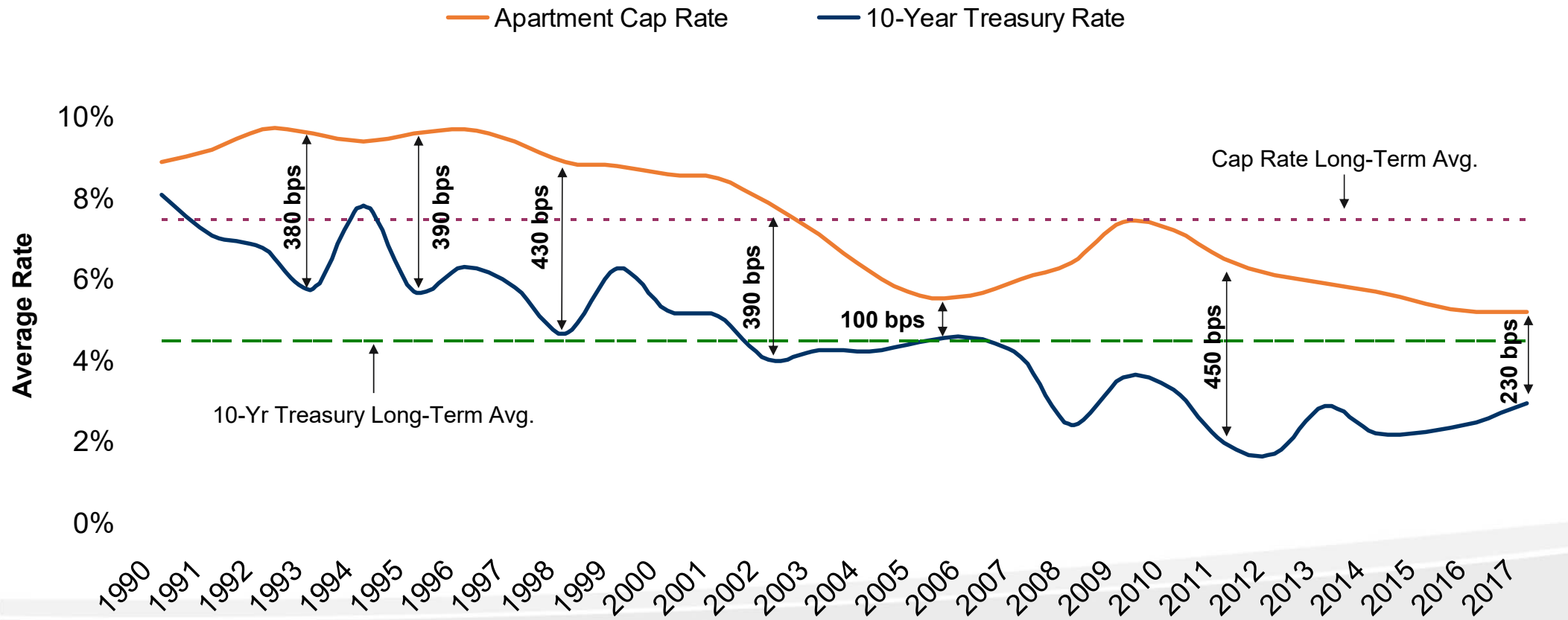
Transaction Activity by Price Tranche



* Preliminary estimate
Includes sales \$1 million and greater
Sources: Marcus & Millichap Research Services, CoStar Group, Inc., Real Capital Analytics

U.S. Apartment Cap Rate Trends

Average Cap Rates vs. 10-Year Treasury



Includes sales \$1 million and greater

Sources: Marcus & Millichap Research Services, CoStar Group, Inc., Real Capital Analytics, Federal Reserve

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